

Message Text

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PAGE 01 ROME 04675 132202Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-10 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /098 W
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R 131805Z MAR 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 1271
TREASURY DEPARTMENT WASHDC

UNCLAS ROME 4675

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJECT: BANK OF ITALY ECONOMIST CITES BENEFITS OF DOLLAR
DEPRECIATION

1. PROF. GIOVANNI MAGNIFICO, ECONOMIC COUNSELLOR OF THE BANK
OF ITALY, POINTED OUT THE BENEFITS FOR ITALY FROM THE POLICY
OF RELFATION IN THE UNITED STATES AND THE DEPRECAITION OF THE
DOLLAR IN A STUDY ON RECENT ITALIAN ECONOMIC DEVELOPMENTS,
WHICH HE PRESENTED ON MARCH 10 DURING A CONFERENCE IN ROME.

2. ACCORDING TO A NEWSPAPER REPORT OF THE CONFERENCE (LA
SAMPA, MARCH 11), PROF. MAGNIFICO SAID THAT THE DOLLAR
DEPRECIATION FACILITATED FINANCING IN FOREIGN EXCHANGE. IT
HAS REDUCED THE AVERAGE COST OF CREDIT IN ITALY AND GENERATED
EXPECTATIONS OF MORE STABLE IMPORT PRICES (QUOTED IN DOLLARS)
AND INCREASED COMPETITIVENESS OF ITALIAN EXPORTS IN COUNTRIES
WITH STRONG CURRENCIES, AGAINST WHICH THE LIRA HAS DEPRECIATED.
PROF. MAGNIFICO SAID, "INTERNATIONAL FOREIGN EXCHANGE MARKET
DEVELOPMENTS HAVE PERMITTED ITALY TO MAKE THE EXCHANGE RATE
ADJUSTMENTS NECESSARY TO REMAIN COMPETETIVE WITHOUT STARTNG
THE VICIOUS CUCLE OF DEPRECIATION-INFLATION-DEPRECIATION AND
WITHOUT DISTURBING THE DOLLAR/LIRA RELATIONSHIP IN CREDIT
OPERATIONS."GARDNER
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, BANKS, ECONOMISTS, DEPRECIATION
Control Number: n/a
Copy: SINGLE
Draft Date: 13 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ROME04675
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780112-0703
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780375/aaaacpls.tel
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Litigation History:
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Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3351744
Secure: OPEN
Status: NATIVE
Subject: BANK OF ITALY ECONOMIST CITES BENEFITS OF DOLLAR DEPRECIATION
TAGS: EFIN, IT
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e24574c8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014